

Headline	Sunway Construction`s FY17F-FY18F earnings to grow 13 to 25 pct		
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Sunway Construction's FY17F-FY18F earnings to grow 13 to 25 pct

KUALA LUMPUR: Sunway Construction Group Bhd's (Sunway Construction) financial year 2017 forecast (FY17F) and FY18F earnings have been projected to grow 13 per cent and 25 per cent, respectively.

According to AmInvestment Bank Bhd (AmInvestment Bank), the largest construction pure play in the country, Sunway Construction is an integrated construction company which offers a comprehensive range of services providing end-to-end construction solutions including design and build services and precast supplies.

"Being the largest construction pure play, Sunway Construction is poised to be the preferred contractor to undertake mega and scalable projects domestically and internationally," the research firm said. "Sunway Construction will continue to experience positive earnings growth."

AmInvestment Bank believed that this growth will be driven by the fact that Sunway Construction is a wholly integrated construction company that possesses state-of-the-art equipment and technology providing end-to-end construction services including design and build services and precast supplies.

Furthermore, AmInvestment Bank noted that Sunway Construction has a strong and diversified order book which currently stands at RM4.6 billion (as of March 2017) made up of various jobs from sec-

tors which include public, private and also internal construction projects mainly from its parent company, Sunway Group.

The research firm further noted that Sunway Construction has exceptional track record on the local and international front after successfully securing and executing mega projects both domestically and internationally.

"Apart from being known as a capable construction solution provider, it also has strong relationship with its customer which benefits Sunway Construction in terms of bagging new tenders from existing clients," the research firm said.

AmInvestment Bank observed that the construction sector in Malaysia continues to grow robustly with the ongoing infrastructure development, in line with the

nation's aspiration to become a developed nation by the year 2020.

"Among mega infrastructures projects in the pipeline are the East Coast Rail Line (ECRL), High-Speed Rail (HSR), MRT Line 3, LRT3, BRT and Pan Borneo Highway (Sabah).

"The booming industry is expected to attract local and foreign construction players including Sunway Construction to bid and undertake these infrastructure projects," the research firm said.

Overall, AmInvestment Bank projected Sunway Construction's FY17F and FY18F earnings to grow 13 per cent and 25 per cent, respectively.

The research firm noted that this was underpinned by the group's strong outstanding order book of

RM4.6 billion and strong earnings visibility over the long term with continued flow of diversified civil and construction work from mega infrastructure projects such as rail, buildings, property and precast.

Additionally, Sunway Construction's position as the leading construction pure play with a proven track record enables the group to continue bidding for large-scale projects from existing and potential clients, it said.

As such, AmInvestment Bank initiated coverage on Sunway Construction with a 'hold' call and fair value of RM2.01 per share based on 15-fold FY18F earnings per share (EPS), in line with its benchmark forward price earnings (PE) of 14-fold to 16-fold for large-cap construction listed companies.

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